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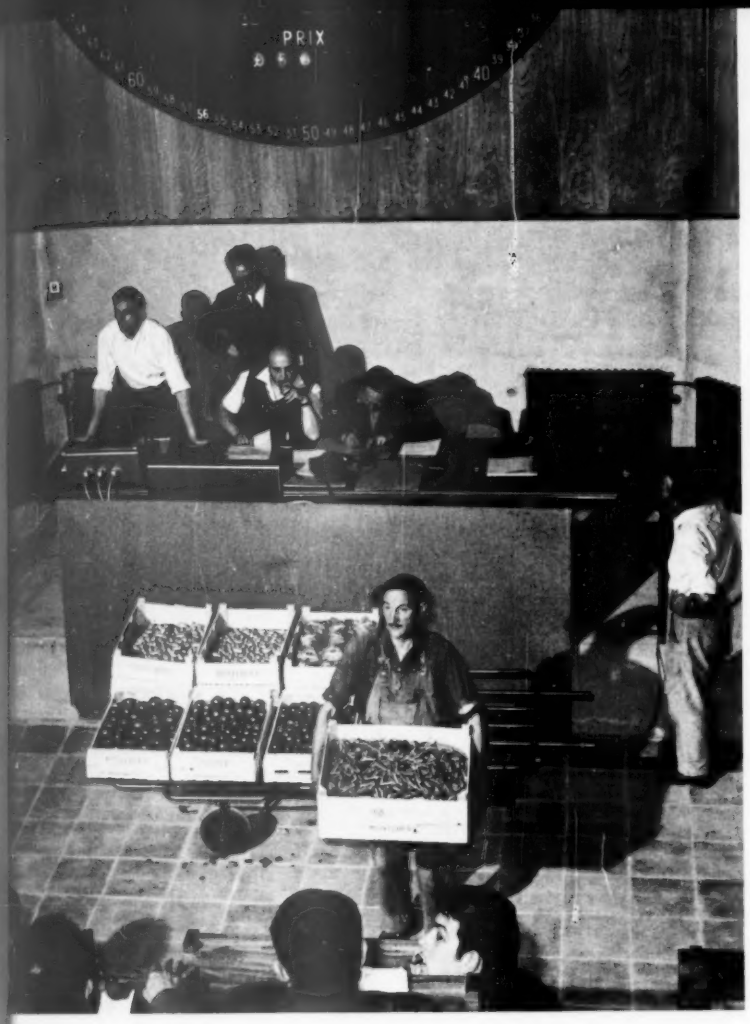

THE EEC'S AGRICULTURAL GUIDANCE AND GUARANTEE FUND

SOVIETS PLAN TO BOOST POULTRY AND EGGS

BUILDING U.S. EXPORTS OF FRUITS AND VEGETABLES

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Including FOREIGN CROPS AND MARKETS

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French farmers cut marketing costs by selling their produce at auction. Better marketing and structural improvements in agriculture are two of the main goals of the EEC Guidance and Guarantee Fund (see page 3).

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How the EEC's Agricultural Guidance and Guarantee Fund Works

By REED E. FRIEND
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On January 14, 1962, the Council of Ministers of the European Economic Community (EEC) approved the first regulations for implementing the Common Agricultural Policy (CAP). Among them is Regulation No. 25 dealing with the financing of the CAP and providing for the establishment of a European Agricultural Guidance and Guarantee Fund.

Although this action in 1962 serves as the basic authority for financing the CAP, the necessary rulings for bringing the Fund into active operation have been delayed. With the adoption during this current year of several rulings and implementing regulations, the Fund is ready to go into operation and will be of substantial importance in the achievement of CAP objectives. Some of the Fund's activities will be retroactive to 1962.

Briefly, the CAP objectives, as stated by the EEC, are to increase agricultural productivity, to insure a fair standard of living for the agricultural population, to stabilize markets and guarantee regular supplies, and to insure reasonable prices for consumers.

Once in operation, the Fund will aid structural improvement in agriculture, reduce agricultural surpluses by subsidizing exports to third countries, and intervene in the domestic market. One estimation is that the Fund's budgetary costs may rise from about $20 million in 1963 to $200 million in 1965, and to $800 million by 1970. Fund expenditures for structural improvements are to be only one-third as large as expenditures in the guarantee section.

During its first 3 years of operation, (1962-63 to 1964-65), the Fund will be financed partially through direct contributions from Member States and partially through contributions in proportion to net agricultural imports from third countries. A final decision is still to be made on what proportion of the Fund's future financing will come from levies on agricultural imports, Member State contributions, or other forms of revenue.

The Committee of the European Agricultural Guidance and Guarantee Fund will assist the EEC Commission in administering the Fund. Technical advice on the implementation of the guidance section, however, will be provided to the Commission by a Permanent Committee on Agricultural Structures. The Fund's activities must also be kept in harmony with the programs of other Community organizations, such as the European Investment Bank and the European Social Fund.

A two-fold purpose

The two-fold purpose of the Fund is implicit in its title. The *guidance section* is to be concerned principally with long-term structural improvement in agriculture, including the marketing of agricultural products.

The Fund's *guarantee section* will aid Member States in implementing common agricultural regulations in two ways: one, by reimbursing them for their expenditures in subsidizing exports to third countries; and two, by reimbursing them for expenses incurred in intervening in the internal market.

Subsidies will be needed if prices of agricultural exports to third countries are to be brought down to world market price levels. Intervention in the domestic market could mean price support activities, or payment of producer subsidies to offset falling income. The EEC Commission must propose and the EEC Council approve those commodities subject to export rebates and repayments.

What is required for approval

Several criteria must be met before a project for structural improvement can benefit from Fund participation. First, it must fit within the framework of a Community program which has been proposed by the Commission and approved by the Council. Second, it must aim at adaptation or guidance of agriculture in line with the CAP. And third, it must be accompanied by sufficient evidence as to its lasting economic value.

Besides these requirements, projects dealing with the adaptation, improvement, and guidance of production must also aim "at maintaining or developing viable farms, at increasing economic competitiveness, at contributing to a higher level-of-living of people working in agriculture, and at insuring that good professional agricultural training and dissemination of information maximizes investment returns."

Under the guarantee section, the net quantities of commodities exported by each Member nation to countries outside the EEC will serve as the basis for calculating the reimbursement of export subsidies. This calculation will be made for each basic product, with byproducts being converted into base product equivalent.

How costs are divided

The Fund may subsidize up to 25 percent of the project costs under the guidance section. Beneficiaries—that is, the groups that will ultimately benefit from the improvement—must contribute at least 30 percent of the project cost while the Member States on whose territory the project is located must also participate. A further financial limitation, imposed by Regulation No. 25, states that total Fund expenditures under the guidance section should be only one-third as large as those under the guarantee section.

The author was assisted by Brian Hedges. John E. Montel, U.S. Agricultural Attaché to the European Communities, also made a substantial contribution to the article.

The Fund's contribution to the total amounts spent under the guarantee section are: one-sixth for 1962-63, two-sixths for 1963-64, and three-sixths for 1964-65. After mid-1965, contributions are to increase regularly so that by the end of the transition period such expenditure will be entirely financed by the Fund. Realization of a single market for agriculture, however, which conceivably could occur before 1970, would result in all expenditures being financed by the Fund.

Member States annually calculate the average export subsidy of each base product, including byproducts converted into equivalents of base products. Only exports to countries outside the EEC are included in the calculation. The Fund Committee then determines the lowest average subsidies to be used as a basis for reimbursing the whole of the Community.

Financing the Fund

The Fund is a part of the overall Community's budget but constitutes a separate item in that budget. Instructions have been provided on how the Fund will be financed during its first 3 years of operation.

In 1962-63, the first year of operation, all of the revenue was collected from Member States according to an established budgetary scale in the Treaty of Rome. In 1963-64 and 1964-65, part is contributed directly by Member States and part according to the proportion of net agricultural imports each Member country takes from third countries. Net imports from non-EEC countries will be measured in value terms rather than quantitative terms, and will be calculated separately for each market organization or sector (e.g., grains, pork, eggs, poultry) rather than an overall matching of total gross imports against total gross exports.

Prior to July 1, 1965, the Council of Ministers must decide on the share of the Fund in subsidy expenditures and the sources of its financing after that year. The extent to which proceeds from agricultural levies will cover the costs of the Fund has not as yet been determined, but possible elimination of the budgetary contributions could place the burden of the entire expense of the Fund on those countries which import agricultural commodities from outside the EEC, primarily West Germany, Italy, and the Netherlands.

Progress so far

The first implementing regulations for the Fund became effective on July 1, 1964. Under the guidance section, 150 dossiers requesting financing of approximately $30 million had been sent to the EEC Commission by July but only $8 or $9 million will be made available for this first series of requests. Over 100 additional dossiers have been received in Brussels during the second series of requests which ended on October 1.

A decision on the pre-July 1 submissions, forwarded from every Member State except Luxembourg, is not expected before spring 1965. Italian requests were mainly for marketing projects and those of the Netherlands for land improvement, irrigation, and small commercial projects. West Germany requested assistance for water schemes and marketing, while France wanted help for land improvement.

Applications for the support of projects in the guarantee section of the Fund are also being received. A list was published this past May of the basic agricultural products covered by the first market regulations on which Member nations can apply for refund on exports; these included cereals, pork, poultry, and eggs. A similar list will have to be prepared for other basic agricultural products—rice, dairy products, beef, and veal—as their new market regulations become effective. A number of implementing measures are still required, however, before the guarantee section becomes operational.

Rules on financing grain subsidies, retroactive to July 30, 1962, have been adopted by the Council of Ministers. Monies from the Fund will be used to reimburse Member States on: (1) losses resulting from the sale for feed of wheat (excluding durum) and rye below their applicable target prices; (2) premiums paid on wheat (excluding durum) and rye rendered unfit for human consumption and fed to livestock; and (3) losses or expenditures caused by carrying over domestic grain stocks, acquired by intervention, from one marketing year to the next.

There is some prospect that Member States may be able to submit requests this fall for refunds on 1962-63 exports to non-EEC countries. On the other hand, complications could develop in the 1962-63 refunds, as well as in those for 1963-64, which were also due for submission to the EEC Commission on October 1 of this year. No estimates on the amount of these rebates to Member countries are available at this time.

Policy decisions needed

Two major policy decisions still have to be taken. The first concerns the share of expenditures on subsidies that the Fund must bear between the 1964-65 marketing season and 1970, the end of the transition period. The second concerns the sources of the Fund's financing during the same period, and beyond 1970.

Existing regulations require that the Community make these decisions by no later than the end of the 1964-65 marketing season. France and Germany are likely to insist that the deadline be met because of their respective interests in Fund expenditures and revenues. At such a time, the EEC Commission is likely to make its own proposals for replacing Member State budgetary contributions with other Community resources, possibly including Common External Tariff Revenue as well as CAP levy revenue.

One possible obstacle lies in the requirement for a unanimous Council vote on such proposals from the Commission. This unanimity requirement does not change to a qualified majority either during the third stage of the transition period or after 1970, as will most other important policy decisions within the Council of Ministers.

Furthermore, it is conceivable that the temporary arrangement for sharing the Fund's financial budget during its first 3 years of operation may be continued. Such a decision could result from inability of Member States to resolve their respective internal political problems in connection with financing the Fund. It could also result from insufficient knowledge regarding the volume of income from various CAP sources, such as the $87.5-million margarine tax to be put into effect with the fats and oils regulation.

Moreover, the various Fund expenditures, such as any cost of subsidies to German grain farmers, are still unknown. Consequently, the answers to these and a host of other similarly pertinent questions can only be known with experience, which, of course, requires time.

Colombia Driving for Greater Edible Oil Production

By ROBERT E. ADCOCK
U.S. Agricultural Attaché
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Colombia, a customer for U.S. edible oils, is putting on a vigorous campaign to meet a greater part of its own needs domestically. To do so, the country would need first to begin filling today's large gap existing between production and use. In addition, it would have to prepare for large population gains in future.

The average Colombian now consumes a low 9.5 pounds of vegetable oil per year. Of this, as much as 3.3 pounds is imported. This gap between consumption and imports has been narrowing, largely because domestic supplies have dropped. Five years ago, per capita consumption was nearly 12 pounds.

To more nearly meet domestic demand, Colombians aim at increased production to make up part of the difference between the present very low consumption and whatever level a developing people may attain—perhaps an added 50 percent per capita. Supply must also outrun the increasing population, which in the immediate '60's is bettering a half-million-person increase a year. For 1975, the country's population is projected at 24 million; this is 7.5 million more than this year's 16.5 million.

These developments would mean a requirement of about 192,000 tons annually 10 years from now, compared with approximately 46,000 tons coming from Colombian field crops today. Colombians feel such a volume could be reached by doubling present production from annual oil-bearing plants, and then making up the huge difference—of over 100,000 tons per year—from other sources.

African oil palm used

A source has already been found in an oil palm from Africa (*Elaeis guineensis* Jacq.) After 5 years of trials and initial plantings, it has shown itself as profitable to officials and private capital. From the first 600 acres to come into production, average yield has been estimated at about 0.81 ton per acre, selling at about $500 a ton. By the time the palms are 5 years of age, an acre will have cost $520 or less to raise. As a result, income from the oil output, rising gradually from small beginnings in the palms' third year, is expected to meet costs fully by the time the planting is 6 or 7 years old.

Charged with responsibility in the drive for palm oil production is Colombia's Instituto Fomento Algodonero (IFA—Institute for the Development of the Cotton Industry), which in 11 years brought the country from the status

Attaché Adcock in Colombian nursery of African oil palms. Imported seeds are selected for productivity and genetic makeup. Bottom right, young palms. Top right, fruit of a 4-year-old oil palm.

of cotton importer to that of self-sufficiency in this crop. Various government measures will encourage palm planting. Loans are being made available, and high-yielding seed selected and propagated. Large areas of new unopened land have been found adapted to palm production. During the past 5 years, 27,000 acres of land have been planted in African palms. In the next 5 years, it is expected that an average of about 30,000 acres a year will be planted, bringing the total acreage to about 150,000 by 1970.

At first African palm planting seemed to lend itself exclusively to big operations, of a minimum 1,200 acres, because of the requirements of large and expensive extracting plants. However, small extracting apparatus has since become available, capable of handling the output of small plantings of about 125 acres. The Institute now hopes to interest small farmers in establishing new small areas and using the small processing plants.

Altogether, the program for greater domestic production is well underway, with good prospects for eventual success. The country has the required natural resources of land and climate to achieve greater self-sufficiency in this crop. With about 27,000 acres already planted in young palm trees—now producing or soon to do so—output should increase considerably in a short time. During the years immediately ahead, palm oil production could help to a considerable degree in meeting the country's need for 3,000 to 5,000 additional tons of edible oil each year.

As the program progresses edible oil imports, which in the past 5 years amounted to 140,000 tons shipped commercially and another 40,000 under Public Law 480, could face a contracting market. However, this result might be greatly modified by effective U.S. market development programs and by changes in Colombian import policies. In addition, in case IFA's production calendar should lag behind, the need for large imported supplies would be maintained indefinitely.

Both France and Japan Good Markets This Year for U.S. Pulses

Short pulse crops in both France and Japan should make these countries receptive this season to large imports from the United States.

In *France*, pulse production is estimated at 121,000 tons—sharply below last year's outturn of 161,000.

Most of the drop has been in dry bean production, which has suffered greatly from continued summer drought, and according to the Ministry of Agriculture's August estimate, production is set at 66,000 metric tons as against 85,000 in 1963. However, the trade reports much further deterioration since the report was issued, and it is now doubtful that the crop will exceed 40,000 tons. Of this, no more than 10,000 tons are likely to enter commercial channels.

Other pulse crops have been less seriously damaged but in most cases yields are below average. The acreage in dried peas is up sharply, and although yields are not the best, the crop is about 70 percent above last year's. This should be about equal to the country's normal requirements. The area and production of lentils are about the same as in 1963.

Unusually large imports of dry beans and about normal imports of other beans seem likely in the current season. Last year French consumption of dry beans was 108,000 tons, with 25,500 imported. If 1964-65 supplies are to be brought up to anywhere near last year's disappearance, imports will need to be increased to 2.5 or 3 times those of last year, most of which would have to come from the United States.

In 1963-64, the United States supplied 69 percent of the dry beans imported by France (17,689 out of 25,530 tons) and 1,886 tons of the dry peas out of a total of 23,274 tons. While only 86 tons of U.S. lentils were bought last year, nearly 2,000 tons have been purchased from the United States since July 1. These lentils are being well received by the trade, and the United States has the opportunity to make substantial gains in this market which has traditionally been dominated by Spain, Morocco, and Algeria.

France also buys dry beans from Argentina, and Morocco is the only significant supplier of gazebos and dry peas.

Larger U.S. pulse exports to *Japan* are foreseen because of a sharp drop in that country's output as well as a decline in azuki bean imports from its largest azuki supplier—Communist China.

Japan's total 1964 output of pulses is estimated to be 30 percent below the 1963 level of 303,510 metric tons and 26 percent below the 1962 level. Sharpest declines have occurred in the major producing region of Hokkaido, where heavy rain and low temperatures during July, August, and early September greatly damaged the azuki and kidney bean crops.

Imports of kidney or lima beans will probably be greatly increased to supplant this reduced Japanese crop and the anticipated drop in azuki bean imports from China. Since the United States in 1963 was second largest supplier of kidney-type beans, accounting for 7,909 metric tons, it should benefit from this change.

The import gain this year will be a continuation of the sharp upward trend in Japanese imports over the past 6 years. During 1958-63, they rose from 91,000 tons to 146,000.

The largest percentage increase during that period was in U.S. pulses, which showed a phenomenal 800-percent gain, from 1,869 tons to 14,500. Today, the United States is third largest pulse supplier to Japan, surpassed only by Burma and Communist China. Today, it accounts for the bulk of Japan's dry kidney-type bean imports, while Burma and China supply most lima-type and azuki beans.

JAPANESE IMPORTS OF PULSES DURING 1963

Item	Burma	China	Africa	United States	Other	Total
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*
Peas	--	389	601	3,987	5,586	10,563
Beans:						
Azuki	--	11,742	48	--	487	12,277
Broad	--	11,652	3,134	--	30	14,816
Mung	24,392	789	--	--	1,544	26,725
Kidney	[1]36,371	71	735	7,909	1,939	47,025
Peyin	12,870	--	--	--	501	13,371
Miscellaneous	14,245	919	2,787	2,603	732	21,286
Total	87,878	25,562	7,305	14,499	10,819	146,063

[1] Principally white, red, and spotted lima beans of varying sizes and shapes.

Morocco's Citrus Enjoys Boom Year But Fails To Make Big Profit

The citrus industry of Morocco broke all records in the 1963-64 season, both for production and exports. With an output of 630,490 metric tons it topped the previous year's production figure by nearly 25 percent, and its exports at 474,940 metric tons showed an increase of more than 31 percent. Price problems, however, particularly in EEC markets, beset the industry and resulted in a lowered per-ton return from exported fruit.

Morocco today is the second largest citrus exporter in the Mediterranean area, its shipments consisting largely of oranges, clementines, and mandarines. Spain, with exports at 1.2 million tons as of June 30, ranks first, while Israel, Algeria, Italy, Lebanon, and Greece follow Morocco, in that order.

In an effort to find permanent new outlets, Morocco exported citrus to 20 countries this past fiscal year, including several African countries and Canada. Europe, as in the past, constituted the nearest and principal market for Moroccan citrus; its takings accounted for 98 percent of the total shipped.

The big EEC market

In Europe the Common Market was the principal buyer, with nearly 22 percent of its citrus imports coming from Morocco. France remained the most important market, with overall purchases of 206,252 tons, of which 175,341 were oranges, 23,349 tons clementines, 4,330 tons mandarines, 2,303 tons lemons, and 1,229 tons grapefruit. France had liberalized its market, and it was expected that Spain would benefit, mainly; however, Morocco was able to improve its position because of the reduction of citrus exports from Algeria.

West Germany, which is by far the leading European market for Mediterranean citrus, was in second place among clients. Spain was the leading supplier—421,000 tons compared with Morocco's 114,000 tons. The Netherlands was a good market too. Its 174,000-ton purchases from Morocco represented a considerable gain—and also more than 26 percent of Dutch citrus consumption that year. Outside the Common Market, only 32,492 tons of Moroccan citrus were sold in Western Europe.

In Eastern Europe, where citrus consumption has jumped from 122,000 tons in 1960 to 224,000 tons this year, there has been a regular expansion of trade. The two principal suppliers are Greece, which benefits from its privileged geographic position, and Morocco. Sales have been the greatest to the USSR, which this past fiscal year bought 46,519 tons from Morocco and became its third largest customer. East Germany, Yugoslavia, and Poland also took substantial amounts from Morocco.

Return lower than expected

The picture presented, based on tonnage, might seem to indicate that the situation was particularly satisfactory for the Moroccan citrus industry. This probably is not the case. While the total return from the year's record exports is not known, customs clearance statistics show an f.o.b. value which is essentially the same as for the preceding year, although the quantity was more than 100,000 tons greater.

There were several reasons for this value drop. The average price in the French and German markets was 30 percent lower than the price in 1962-63, a shortage year caused by the freeze in Spain.

Competition was stiffer too. Climatic conditions had been good and plenty of fruit was available, so that only that of the very best quality could command a truly remunerative price.

And finally, Morocco, by its geographic position, is in an unfavorable position in comparison to several of its principal competitors as to cost of production, handling, packing, shipping, and delivery. For Spain it is possible to export a large part of its production overland (up to 75 percent to certain countries and much of it in bulk), whereas Morocco must send its fruit by sea—clearly at a greater risk and thus reducing the margin of profit for the Moroccan producer and handler.

Fiscal 1965 outlook

Prospects for 1964-65 call for a modest increase in production and a hoped-for increase to over 500,000 metric tons of exports. Renewed advertising efforts will be made both in Europe and in domestic media to increase citrus consumption. The drive to expand markets will continue, and every effort will be made to protect markets in which Morocco is already firmly established. Also, prospects are developing for additional processing of citrus for juice and frozen concentrates, of which Morocco exported 9,000 metric tons in 1963-64, 2,000 over those of the previous year.

W. GORDON LOVELESS
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Japan Now Using U.S. Soybeans in Food

More than 10 percent of the nearly 49 million bushels of U.S. soybeans exported to Japan during the 1963 marketing year went into the production of three staple foods in the Japanese diet: shoyu, or soy sauce; tofu, a soft, white gelatine-like food used in soup or for frying; and miso, a food paste used in soup.

Until 6 years ago, Japan imported no soybeans from the United States for food manufacture—all U.S. imports were processed into oil and meal. Today, a new export industry in the United States selects soybeans for Oriental food processing and maintains the identity of the selection during shipment.

These developments are the direct result of research by USDA's Agricultural Research Service working with Japanese institutions. After studies conducted both in this country and Japan, it was found that—

- U.S.-grown soybeans can be used to make traditional Japanese foods equal in quality to food made from Japanese beans.
- U.S. No. 2 beans—the most commonly available commercial grade—yield more shoyu than Japanese beans selected for shoyu production.
- Hawkeye variety is the best of 12 varieties tested for making tofu.
- Comet, Yelnanda, and Harosoy varieties are best for making miso.
- Characteristics required in soybeans for Oriental foods can be used as the basis for selecting and breeding U.S. varieties for this purpose.

Soviets Plan To Boost Output of Eggs and Poultry

Both eggs and poultry meat are scarce in the USSR, and even with this new program it is doubtful if U.S. availability levels can be reached.

By DAVID SCHOONOVER
Foreign Agricultural Service

Emphasis on increasing poultry and egg production in the Soviet Union, which has been reflected recently in the Soviet press, is a manifestation of official concern over the low-protein, starchy diet of the average Russian and the need for rapid improvement to meet consumer expectations.

In September 1964, the Central Committee of the Communist Party and the USSR Council of Ministers enacted a decree to increase output in "poultry factories"—large-scale mechanized enterprises specializing in the production of eggs or broilers—to 14 billion eggs and 0.8 million metric tons of meat in 1970.

These factories, together with other state and collective farms whose primary task is the production of poultry and eggs (but not including the private sector or farms where poultry raising is a secondary occupation), are slated to achieve a production of 30 billion eggs. (Actually, according to Soviet statistics, total production of 30 billion eggs and 0.8 metric tons of poultry meat reportedly was attained in 1962, but about three-fourths of the eggs and much of the poultry meat came from noncollective, nonstate enterprises.) Planned production in specialized poultry enterprises constitutes 44 percent of total planned egg production and 24 percent of total planned poultry meat production for 1970.

The need for increased production of animal products in the Soviet Union has been apparent for many years, but the emphasis on poultry production is of relatively recent origin. Not only did the Soviet Union fail to catch up to the United States in per capita output of meat and milk in the early 1960's—as predicted by Chairman Khrushchev in 1957—but total output of these products has increased very little since 1959. The poultry program now apparently is envisaged as the most expedient means of rapidly fulfilling the demand of consumers for livestock products.

Poor comparison with U.S. industry

Large-scale poultry husbandry has not advanced far in the Soviet Union. Although there are some specialized broiler and egg farms, most output is from the small private holdings of the collective farmers, state farm workers, and others. Many of the flocks range freely and scavenge for much of their feed. This is especially true of geese and ducks, which are much more numerous in the USSR than in the United States. Labor costs of egg and poultry production generally are high on the collective and state farms. Special breeds and "hybrids" for broiler production are only now being developed.

The inefficiencies of the Soviet poultry industry are readily apparent when it is compared with that of the United States. At the beginning of 1962, poultry numbers in the Soviet Union exceeded those in the United States by about 50 percent (commercial broilers in U.S. excluded). Nevertheless, the United States produced over twice as many eggs. As I. K. Savelyev, Deputy Minister of Agriculture of the USSR, stated in January 1964: [1]

> . . . The number of poultry in our country exceeds the number in the United States, but for the time being we still obtain relatively less poultry production and on the average spend two to three times more in feed and labor than is spent on large farms of a number of foreign countries . . .

As a result of these deficiencies, Soviet consumers do not have the relatively inexpensive supply of poultry products available to U.S. consumers. Only about one egg per person every 3 days could have been supplied to Soviet consumers from production in 1962, whereas American consumers had available almost one egg per person per day. Also, at the official Soviet exchange rate, Soviet consumers paid at least twice as much for their eggs. In terms of actual purchasing power, the difference was even greater. The American consumer had available, on the average, about 37 pounds of poultry meat in 1962, but the Soviet consumer had only 8 pounds. Furthermore, the amount of all meats available to him was only twice that available to American consumers from poultry alone.

New plants to be located near cities

Prior to September 1964, efforts to increase poultry production were in the right direction, but proved insufficient to greatly increase output. State procurement prices paid to collectives for poultry were raised an average of 35 percent in 1962. A decree to boost production of eggs and poultry meat in the zones around large cities and industrial centers was enacted in January 1963. This decree recognized not only the need for greater output but also the advantages of improved quality and lower storage and transportation costs associated with close-to-market production.

The construction of 130-150 new poultry factories for the production of broilers was called for. At that time, 69 poultry factories, primarily for the production of eggs, reportedly already were in existence. The commencement of operations of the first large-scale "broiler factory," designed for the production of 3 million broilers per year, was reported in the January 1964 issue of *Ptitsevodstvo*. This plant, designed and equipped by an American firm, could serve as a prototype for future plants if its operations are successful.

The second decree enacted September 1964, calls for a still further expansion of poultry-producing enterprises near the major cities. By 1970, 508 poultry factories for the production of eggs and 258 for the production of poultry meat are to be in operation in these areas. The majority are to produce 20-40 million eggs or 1-2 million broilers per year. The largest enterprises are scheduled to produce more than 150 million eggs per year.

For the management of specialized poultry enterprises a separate agency—*Ptitseprom* USSR—has been established, and corresponding agencies in the Union Republics are to be subordinated to it. The poultry factories and

Above, broiler farm in Soviet Union, and right, state farm worker weighs chickens. Soviet consumers pay much more for poultry products than U.S. housewives do.

other specialized poultry farms are to be attached to mixed-feed plants to "insure the uninterrupted supply of these enterprises with concentrated poultry feed." [2]

More feed required

Attainment of the planned poultry production goals in the Soviet Union will depend on several factors, the most important of which apparently is the kind and amount of feed available. Only 2 million metric tons of mixed feeds for poultry were manufactured in 1961. This feed was "not enriched to the proper measure with proteins, vitamins, antibiotics, and microelements." [3]

The new program calls for the annual production by 1970 of more than 7 million metric tons of mixed poultry-feed concentrates and of 1.5 million metric tons of protein-vitamin supplements to be added to feeds. In addition, 2.3 million metric tons of feed grains are to be assigned to specialized poultry farms by 1970. Assuming U.S. feed efficiency ratios, these requirements would appear to be realistic for producing the planned amounts of poultry products in the specialized poultry enterprises of the Soviet Union by 1970.

Feeding efficiency on Soviet poultry farms generally is less than that attained in the United States. As an example, on the state farms and specialized poultry enterprises of Moscow Oblast, the rate of lay per layer in 1963 was 143 eggs. [4] The average rate of lay per layer in the United States was 213 eggs.

Also, so far there is little experience with commercial broiler production in the Soviet Union to compare with that in the United States. The average efficiency ratio in the United States for commercial broiler production is about 2.2 feed units per pound of production. On the state farms of Moscow Oblast during 1962-63, each pound of poultry meat produced required, on the average, more than 5 feed units. [6] However, as poultry production becomes more specialized and the knowledge and practice of handling and feeding poultry improves in the Soviet Union, the feeding efficiency ratios also can be expected to improve, but it is overoptimistic to assume that the Soviets will be able to attain current U.S. feeding ratios by 1970.

Would not reach U.S. levels

Certainly a considerable increase in the output of feed grains will be necessary to assure the planned amounts of feed for poultry. The poor harvest of 1963 caused a considerable reduction in poultry numbers. The uncertainty of feed availability at present, therefore, militates against a large permanent increase in the number of poultry. But even if the Soviet Union should achieve its goals for the production of poultry products in large-scale poultry enterprises, the planned increases in eggs or in poultry meat output would not bring per capita availabilities to present U.S. levels.

POULTRY IN THE SOVIET UNION WITH U.S. COMPARISON

Year	Number on January 1	Meat production	
		USSR	U.S.
	Million	*Million metric tons*	*Million metric tons*
1958	449.7	0.6	2.7
1962	542.6	.8	3.2
1963	550.4	.8	3.4
1970 (Maximum plan)	--	3.3	--

Source: *Selskoye khozyaistvo SSSR.* Moscow. 1960. *SSSR v tsifrakh v 1963 godu.* Moscow. 1964 *Ptitsevodstvo* No. 4 (April). 1964.

PRODUCTION OF EGGS IN THE SOVIET UNION

Year	Total	State and collective enterprises	Private sector	Private, share of total
	Billions	*Billions*	*Billions*	*Percent*
1958	23.0	3.4	19.6	85
1962	30.1	7.1	23.0	76
1963	28.8	7.1	21.7	75
1970 (Maximum plan)	68.0	--	--	--

Source: *Narodnoye khozyaistvo SSSR v 1962 godu.* Moscow. 1963. *SSSR v tsifrakh v 1963 godu.* Moscow. 1964. *Ptitsevodstvo* No. 4. 1964.

[1] The Soviet Poultry Journal, *Ptitsevodstvo*, No. 7 (July, 1964, p. 4. [2] Selskaya Zhizn, 6 September 1964. [3] Selskaya Zhizn, 12 February 1963. [4] *Ptitsevodstvo*, No. 7, 1964, p. 4. [5] A feed unit is the equivalent of a pound of corn in feeding value.

Building Export Markets for U.S. Fruits and Vegetables

By ROBERT S. FITZSIMMONDS
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The U.S. fruit and vegetable industry is no newcomer to overseas market development. Many members of the industry—aware that promotion is the keystone of export expansion—were active in this area long before the cooperative government-industry program got underway in 1956 as authorized by Congress 2 years before in Public Law 480.

But the new law opened a significant chapter in the history of cooperative government-industry activities, and introduced a different concept of foreign market development. It brought to private industry financial resources that enabled existing promotional efforts to be redoubled and new ones to begin. It provided direction and coordination for the many individual market development activities carried on by industry. And the law made possible the first-time exhibition of thousands of U.S. agricultural products at leading international trade and food fairs, and more recently, year-round promotion at three overseas trade centers.

Growth of exports

Government-industry efforts have been instrumental in pushing U.S. fruit and vegetable exports from $347 million in 1956-57 to $388 million in the last fiscal year. During that time, the Foreign Agricultural Service has entered into more than 50 project agreements with the fruit and vegetable industry, involving promotion in nearly every country of Western Europe and Japan.

Some of these projects have been carried out for specific commodities, such as prunes, raisins, cranberries, citrus, and cherries. Some have been for groups of commodities like fresh deciduous fruits. Others have been conducted by FAS on behalf of the entire industry.

At present, nine firms or trade organizations associated with the production, processing, and export of fruits and vegetables—called "cooperators"—are participating with FAS in overseas market development. They include: the California Prune and Raisin Advisory Boards, California-Arizona Citrus League, Florida Citrus Commission, Northwest Horticultural Council, Dried Fruit Association of California, Cranberry Institute, Red Cherry Exports, Inc., and National Canners Association.

To qualify as cooperators, these groups have met certain criteria set up by FAS. These standards require that each must be a nonprofit organization with broad industry representation, and a corporate entity with which FAS may legally contract. Each must be willing to assume full responsibility for its promotional program, including the provision of administrative personnel. Finally, the cooperator must be willing to share with FAS the costs of promotion.

Promotion budget

For the promotion program in fiscal 1965, for example, the U.S. fruit and vegetable industry has pledged roughly $825,000; the FAS commitment amounts to $975,000.

There is no hard and fast rule as to how costs may be divided. Agreement on financing is arrived at only after a specific promotional project has been developed, and the costs estimated to execute it. In the early stages, the government contribution outweighed that of industry. Industry's share is now increasing and is expected to increase further as positive program results become evident.

Where does the money come from? A number of sources: Industry may derive promotional funds from individual shippers of fruits and vegetables, who are assessed on the basis of business volume, both foreign and domestic; money for foreign promotion may be provided by State legislatures, or by trade associations.

Federal Government market development funds are appropriated by Congress, but virtually all of the expenditures have consisted of money accruing from the sale of surplus U.S. farm commodities to less developed areas overseas, the proceeds of which are then converted into the currencies of countries where market development work is to be undertaken.

To see how these funds are used, let us follow the steps leading to a full-scale promotion. Initially, the cooperator prepares a market development proposal, spelling out what is being proposed and why, where work is to be performed, what it will cost and what the division of costs will be. The proposal is reviewed by the FAS Fruit and Vegetable Division, which submits the finalized version for approval by the agricultural attaché in each country where the promotion is to be carried on, and by the FAS Assistant Administrator for Export Programs.

Cooperator-FAS contract

The market development agreement then becomes a formal contract between the cooperator and FAS, requiring legal and fiscal approval. For beginning projects, the contracts run 1 or 2 years but may later be extended for longer periods. Meanwhile, the cooperator is required to submit a progress report every 12 months and a fiscal report every 6 months.

The contracts by themselves, however, do not entitle the cooperator to actually begin promotional projects; prior to launching each promotional activity, a specific marketing plan must be developed and receive the approval of the Fruit and Vegetable Division. Often, the plan will call for a market analysis—a professional study of a country or area to determine its potential as a market, the trade barriers that exist, the competition, the best promotional techniques to be used, and other factors necessary to a successful campaign.

Though projects may vary in scope and magnitude, the overall aim in each case is the same: to boost foreign consumption of fruits and vegetables, and—in particular—to enlarge the U.S. share of the market. This is becoming increasingly difficult in the face of stepped-up promotional efforts by the leading competitors in world fruit

Adapted from a speech by Mr. Fitz-Simmonds to marketing specialists of the Virginia Department of Agriculture.

markets—Italy, Argentina, South Africa, Australia, and New Zealand.

A good example of effective merchandising is last spring's Glasgow and Cardiff campaign—the most intensive single U.S. effort in the United Kingdom to promote a variety of agricultural products with retailers, wholesalers, and importers. In a new approach to merchandising, the campaign was kicked off with USDA exhibits in the selected cities, followed by in-store promotions of products featured in the exhibits, including U.S. prunes, raisins, cranberries, and canned fruit.

Highly selective advertising of top-quality fruit receives chief emphasis in the promotion of Western U.S. citrus in Europe. This program — which extensively utilizes the advertising media of motion pictures, television, and magazines—has been so successful that it was recently expanded to Japan and Hong Kong.

International exhibits have no counterpart for introducing new products to large numbers of select buyer groups in a short time period. Typical is the U.S. Fruit Show held at the Tokyo Trade Center this past March, where a variety of U.S. fruit dishes were demonstrated by the President of the Hawaiian Chefs Association. Attendance totaled more than 2,500, representing Japan's food industry, consumer groups, and the press.

The exchange of U.S. and foreign trade and scientific teams also figures prominently in U.S. market development for fruits and vegetables. Last May, for example, a group of leading West German food scientists were brought to this country to acquaint them with the formulation and enforcement of U.S. fruit and vegetable regulations—and with the U.S. research program which insures consumers of a safe, wholesome product.

A number of U.S. fruit and vegetable cooperators have opened overseas offices during the past 2 years: National Canners Association and the California-Arizona Citrus League in Brussels; the Dried Fruit Association of California in Rotterdam; and the Northwest Horticultural Council in London.

At these offices, cooperator representatives not only keep in close touch with foreign promotional activities, but they have a major responsibility to prevent, so far as possible, the erection of artificial trade barriers and to work toward removing existing ones.

U.S. honey at SIAL

Promotion Important to Exporting Honey Pack

The U.S. honey industry has a big stake in the results of its promotion at the SIAL International Food Exposition, Paris, that today winds up after a 9-day run. U.S. honey products were exhibited along with meat, rice, fruits and vegetables, and dry edible beans.

U.S. honey exports are meeting strong competition this crop year (April 1964-March 1965). With the U.S. pack close to the 1963 record, chief competitors Mexico and Argentina also harvested bumper honey crops. Last year, both contenders had small packs, sending U.S. honey exports in 1963-64 to a 9-year high of 25 million pounds.

Export expansion is seen by the honey industry to provide a partial solution to the problem of rising U.S. production outpacing per capita consumption. U.S. export tallies in 1963-64 clearly showed that foreign markets may be able to absorb what U.S. consumers cannot. U.S. honey sold abroad for $4.3 million prevented a probable decline in domestic honey prices resulting from the record 1963 honey pack of 299 million pounds. More than 8 percent of total production went for export, the highest proportion in the last 5 years.

The current exhibit at SIAL represents a big part of promotional efforts by the U.S. Honey Dealers and Packers Association. Since 1959, honey market development has consisted of but two exhibits each year—a limit imposed by the Association's membership base. Its some 100 members have carried most of the financial obligation for promoting U.S. honey overseas, with the other honey organization—the American Beekeepers Federation—confining its promotional activities to the United States.

The 1964 exhibits were held in the top two markets for U.S. honey. First-ranking market is West Germany, where honey was promoted this past August at the Hamburg Food Fair, and France is second best market.

Notwithstanding the scope of honey market development, past exhibits have succeeded in stirring interest in U.S. honey, which has paid off in high-level U.S. exports when world supplies have been especially tight. Last year's exhibit in West Germany was a factor in pushing exports to that country to 12 million pounds in 1963-64 from 6.6 million pounds of U.S. honey shipped the year before.

Austrian Children Treated to U.S. Turkey Luncheon

A turkey luncheon held recently for crippled children of the Adolph Lorenz Home, Vienna, by U.S. poultry industry's International Trade Development Board, helped to stimulate public interest in a U.S. poultry exhibit at the Vienna International Trade Fair. Before the repast, ITDB Chef Herman Leis (above) shows the youngsters what a ready-for-the-oven U.S. turkey looks like. The luncheon, publicized by the Viennese press, also featured Florida orange juice.

Egypt's Rice Exports Temporarily Banned

The UAR (Egypt) has temporarily banned rice exports, according to an official announcement of October 21. This action was said to have been taken to insure that stocks were adequate for domestic consumption until the new crop is marketed. Rice now ranks next to cotton as the UAR's major export crop.

The Chairman of the Mills Foundation at the same time ordered that rice mills operate 24 hours daily. Additional warehouses are being built for storage of the record 1964 crop, now being harvested.

The export quota in the 1963-64 marketing year (November-October) was 450,000 metric tons of milled rice.

Japan's Rice Crop Below Earlier Estimates

The estimate of Japan's 1964 crop was lowered by 3 percent in an official release of October 30. Based on conditions as of October 15, rice production was reported at 15,956,000 metric tons of rough rice—sharply below earlier indications of a record crop and less than the 1963 harvest of 16,015,000 tons. Record production was 16,261,000 tons in 1962.

Subnormal temperatures in the north and a September typhoon in southern and central Japan were major adverse factors.

Rice imports continue under government control, and it is not likely they will be liberalized in the near future.

The smaller crop this year will result in larger imports of rice, particularly short-grain rice. Japan recently purchased 14,000 tons from South Korea and in mid-October began negotiations with Taiwan for imports during the coming year. Also, some rice probably will be bought from Spain.

Although rice production continues at a much higher level than several years ago, it is becoming a smaller item in total agricultural production. In 1963, rice accounted for slightly less than 40 percent of Japan's agricultural income, against about 50 percent in the mid-1950's.

German Beef Shortage To Continue, Pork Output Up

A continuation of the West German beef shortage, coupled with increasing demand for meat, is expected to keep the country's cattle and beef prices high at least until the end of 1965. The converse is true for pork, however, which will be in abundant supply this year

Cattle slaughter in West Germany during 1964-65 is officially forecast at around 3.5 million head—about 7 percent less than in the 1963-64 period. Calf slaughter is expected to be down 10 percent. Production of beef was off in 1963-64 also, mainly because of a decline in slaughter, while that of other meats was at about the 1962-63 level.

Hog numbers on farms in September indicate hog slaughter during 1964-65 will total about 25.5 million head compared with 23 million a year earlier—an increase of about 11 percent. Pork production is expected to be extremely large during the winter, with January-March 1965 hog slaughter likely to rise 18 percent from the 1964 level and April-June slaughter, to rise 8 percent.

Because of smaller beef supplies and higher prices, per capita beef consumption is expected to decline, but with ample supplies and lower prices, pork use will rise.

United Kingdom Importing More Tallow

U.K. imports of tallow were up sharply in the first half of 1964. Imports of inedible tallow from all sources rose to 82 million pounds from 51 million in the first half of 1963, and those of edible tallow were up 3 million pounds to 7 million. The United States supplied 13 million pounds of inedible tallow but no edible tallow.

Accounting for most of the gain in inedible tallow was the sharp drop in use of fish oils for manufacturing soap coupled with a moderate increase in soap production. Animal fats, mainly inedible tallow, accounted for 77 percent of the soap ingredients this year, vegetable oils almost 23 percent, and marine oils 0.4 percent, compared with 74 percent, 23 percent, and 3 percent respectively in the 1963 period.

British preferential tariffs encourage U.K. imports from Canada, New Zealand, and Australia and discourage those from the United States. While imports of both edible and inedible tallow from Commonwealth countries are duty free, those from the United States and other non-Commonwealth GATT countries are subject to a duty of 10-percent ad valorem.

U.K. IMPORTS OF TALLOW

Item	January-June 1963	January-June 1964
	1,000 pounds	*1,000 pounds*
Edible:		
New Zealand	2,023	4,509
Australia	556	1,398
Ireland	1,310	732
Sweden	161	340
Malta	---	90
Total edible	4,050	7,069
Premier jus and inedible:		
Canada	11,021	22,346
New Zealand	6,872	20,418
Australia	10,388	13,178
United States	7,043	13,151
Ireland	5,159	4,800
Germany, West	8,375	4,496
Argentina	486	2,318
Norway	---	1,021
Denmark	977	246
Switzerland	---	112
Netherlands	226	56
Others	367	128
Total premier jus and inedible	50,914	82,270

Denmark Expects Pork Marketing Problems

Danish hog numbers have increased significantly, and a record production of pork is forecast for 1964-65—a situation which may cause the Danes serious export problems, since access to the large British market is limited by quotas.

Representatives of Danish bacon factories have been meeting to determine production quotas and may eventually set a two-price system on exports to encourage the development of new markets. Under such a system, lower prices

would be received on products exported to new markets than on those shipped to traditional markets. However, this may prove difficult, as high prices paid for domestic pork are making it hard for meat-canning factories to price their export products competitively in any market and may force them to curtail production.

Representatives of the Danish slaughterhouses recently negotiated a contract in Moscow for delivery of 15,000 metric tons of pork to the USSR during the next 6 months. This is equivalent to 225,000 head of hogs, or more than 1 week's average slaughter.

Production of pork in other European countries, particularly West Germany and France, is also expected to be large.

Australian Meat Shipments to the United States

Four ships left Australia during the third week of October with 13,984,320 pounds of beef, 958,720 pounds of mutton, 13,440 pounds of lamb, and 41,210 pounds of variety meats for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Eastern and gulf ports			*Pounds*
Hobart Star ------ Oct. 13	Tampa	Nov. 4	Beef	468,160
	Charleston	6	Beef	557,760
			Mutton	33,600
	Norfolk	8	Beef	716,800
	Philadelphia	10	Beef	1,749,440
	New York	12	Beef	3,592,960
			Mutton	134,400
	Boston	15	Beef	853,440
City of Melbourne-- Oct. 15	Charleston	Nov. 6	Beef	206,080
			Mutton	201,600
	Boston	9	Beef	506,240
	New York	26	Beef	1,160,320
			Mutton	100,800
			Lamb	6,720
			Var. meats	40,320
	Philadelphia	29	Beef	123,200
Lake Ontario------ Oct. 16	Norfolk	(2)	Beef	105,280
	Charleston	Nov. 9	Beef	360,640
			Mutton	100,800
	Philadelphia	12	Beef	293,440
			Mutton	29,120
	New York	16	Beef	2,302,720
			Mutton	246,400
			Lamb	6,720
			Var. meats	8,960
	Boston	19	Beef	721,280
			Mutton	112,000
	Western ports			
Monterey ---------- Oct. 15	San Francisco	Nov. 1	Beef	80,640
	Los Angeles	6	Beef	185,920

[1] Cities listed indicate location of purchaser and usually the port of arrival and distribution area, but meat may be diverted to other areas for sale. [2] To be transshipped.

Italian Cattle Imports To Remain Duty Free

Italian imports of feeder cattle and calves from the United States and other third countries will continue duty free through December 31, 1964, as authorized by the European Common Market Council. The authorization was originally in force until September 30, 1964, but was extended through October 31, 1964.

During July-October, U.S. shipments to Italy included almost 5,000 feeder cattle and over 5,000 baby calves.

West Germany Sets Import Tender for Cherries

The Federal Republic of Germany has announced an import tender for cocktail and maraschino cherries from the United States and Canada. The fruit must be in glass containers, the content weighing not more than 8 ounces. Applications for import licenses may be submitted until the exhaustion of the undisclosed value limit of the tender but not later than June 30, 1965. The import licenses will be valid until June 30, 1965. The first day of customs clearance is January 1, 1965.

This represents a continuation of a previous and similar tender that covered the 6-month period ending December 31, 1964.

Hamburg's Prices on Canned Fruit and Juice

Importers' selling prices in Hamburg, Germany, for selected canned fruits and juices in September 1963, July 1964, and October 1964 are compared as follows:

Type and quality	Size of can	Price per doz. units Sept. 1963	July 1964	Oct. 1964	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricots, halves:					
Choice	15 oz.	(1)	1.80	1.74	Spain
do	2½	3.42	3.54	3.45	S. Africa
Peaches, halves					
Choice	2½	4.32	3.84	3.93	U.S.
do	10	14.85	(1)	14.82	U.S.
do	10	13.47	13.80	14.10	S. Africa
Fruit salad:					
Choice	15 oz.	2.94	2.60	2.50	Spain
do	12 oz.	(1)	2.32	2.32	Spain
Fruit cocktail, choice	2½	5.52	6.06	4.92	U.S.
Pineapple:					
Slices, fancy	2½	(1)	4.17	4.17	Philippines
Slices, choice	2½	3.85	4.11	4.14	Philippines
do	2½	(1)	3.63	3.60	Mexico
do	2½	3.48	3.57	3.51	S. Africa
do	10	13.77	14.10	13.62	Kenya
do	10	13.95	13.77	13.35	S. Africa
Crushed	10	11.64	12.09	12.78	U.S.
do	10	8.52	8.94	9.81	S. Africa
do	10	8.94	(1)	10.08	Taiwan
CANNED JUICE					
Orange, unsweetened	2	(1)	1.86	1.76	S. Africa
do	2	(1)	1.80	1.80	Israel
do	2	(1)	1.77	1.71	Greece
do	½ Din [2]	1.77	1.68	1.68	U.S.
Grapefruit, unsweetened	2	(1)	1.98	2.01	Israel
do	2	2.01	1.98	1.98	S. Africa
do	½ Din [2]	1.77	1.68	1.68	U.S.

Storm Damages Italy's Orange Crop

Local papers reported that whirlwinds bearing hailstones the size of hazelnuts damaged Sicily's orange crop. The storm hit an area of 30 square miles, west of Catania. Early vegetable crops around Ragusa and Sicily were also hurt. The lemon crop is reported intact.

Italy produces about 800,000 to 1 million metric tons of oranges annually.

U.S. Tobacco Exports Rise in September

U.S. exports of unmanufactured tobacco in September 1964, at 69.3 million pounds, were 7 percent larger than those of September 1963. The export value was $58.4 million, compared with $55.5 million.

Flue-cured exports totaled 54.1 million, down slightly from the 55.2 million shipped out in September 1963. Shipments of burley rose from 4.1 million to 6.6 million, and dark-fired Kentucky-Tennessee, from 0.6 million to 3.5 million.

For the first 9 months of calendar 1964, exports totaled

332.4 million pounds—up 6.1 percent from the 313.3 million shipped out last year.

Exports of tobacco products in September 1964 were valued at $14.6 million, compared with $8.7 million in September 1963, mainly because of a sharp increase in cigarette exports. For the first 9 months of 1964, the total value of tobacco product exports was $95.3 million—up 7.6 percent from last year.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
(Export weight)

Kind	September		January-September		Percent change from
	1963	1964	1963	1964	1963
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	55,205	54,124	242,278	252,733	+ 4.3
Burley	4,067	6,646	33,620	35,261	+ 4.9
Dark-fired Ky.-Tenn.	642	3,455	10,066	13,969	+38.8
Va. fire-cured [1]	275	504	3,413	3,776	+10.6
Maryland	1,175	2,267	7,502	8,734	+16.4
Green River	22	105	520	667	+28.3
One Sucker	--	3	157	119	—24.2
Black Fat, etc.	176	285	3,088	2,418	—21.7
Cigar wrapper	650	444	3,707	4,601	+24.1
Cigar binder	30	129	677	1,296	+91.4
Cigar filler	34	16	223	410	+83.9
Other	2,551	1,333	8,023	8,377	+ 4.4
Total	64,827	69,311	313,274	332,361	+ 6.1
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	55.5	58.4	245.6	259.6	+ 5.7

[1] Includes sun-cured. Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Product	September		January-September		Percent change from
	1963	1964	1963	1964	1963
Cigars and cheroots					
1,000 pieces	3,168	4,925	25,553	33,156	+29.8
Cigarettes					
Million pieces	1,656	2,827	17,474	18,415	+ 5.4
Chewing and snuff					
1,000 pounds	6	43	387	303	—21.7
Smoking tobacco in pkgs.					
1,000 pounds	74	118	635	1,056	+66.3
Smoking tobacco in bulk					
1,000 pounds	872	1,098	7,840	7,740	— 1.3
Total declared value					
Million dollars	8.7	14.6	88.6	95.3	+ 7.6

Bureau of the Census.

Rhodesian Flue-cured Auctions Close

Auction sales of flue-cured tobacco on the Salisbury, Rhodesia, market were completed on October 20. The total volume passing over the auction floors was 323.8 million pounds, at an average price equivalent to 30.3 U.S. cents per pound compared with 195 million pounds at an average of 48.6 cents last year.

Weekly prices throughout the 1963 sales season ran consistently under those of a year ago. But the record quantity sold, even at the sharply lower prices, resulted in a record gross return to growers, equivalent to $98 million.

Australia Harvests Larger Tobacco Crop

Australian production of flue-cured tobacco in the 1963-64 season rose 23 percent to a record 34.8 million pounds from 28.4 million in the previous season. The increase resulted from extremely favorable weather conditions and absence of disease; planted acreage actually was somewhat smaller than in 1962-63. It is likely that plantings for 1964-65 will be around 27,500 acres—about 2 percent below the 28,075 of 1963-64.

Prices for the 1963-64 crop averaged the equivalent of about $1.15 per pound at the three auction centers of Mareeba, Brisbane, and Melbourne. Only about 10 percent of offerings remained unsold at the completion of auctions.

Proposals for the formulation of a Tobacco Stabilization Plan were under discussion in early October. The final plan will have to be acceptable to growers, tobacco manufacturers, and the government.

Thai Cigarette Sales Up Slightly

Cigarette sales in Thailand during the first 9 months of 1964 totaled 7,688 million pieces—up slightly from the 7,657 million sold in the same period of 1963.

Combined sales of Gold City brands, which contain 100-percent imported leaf, rose 92 percent, from 405 million last year to 781 million. Sales of Samit, another brand made largely of imported tobacco, rose from 717 million to 759 million. However, other brands containing smaller percentages of imported tobacco fared less well; among these were Kled Thong and Moon—the biggest sellers in Thailand—sales of which dropped from 5,839 million a year ago to 5,392 this year.

Japan To Modernize Cotton Textile Equipment

A new Japanese textile industry law, effective October 1, provides for scrapping 25 percent of the old cotton spinning equipment. Under this law, every two worn and obsolete spindles scrapped may be replaced by one new spindle. When the law became effective, about 28 percent of the registered spindles were not operating by reason of the government's curtailment under the old textile law.

Japan imported 1,163,000 bales of U.S. cotton in August-July 1963-64, 37 percent of the 3,167,000-bale total import. In August, first month of 1964-65 season, Japan imported 231,000 bales, 77,000 being of U.S. cotton.

Iran's 1964-65 Cotton Crop at Near Record

Iran's 1964-65 cotton crop, now being harvested, is currently estimated at 505,000 bales (480 lb. net). This is down somewhat from the record 530,000-bale crops of 1961-62 and 1963-64, but exceeds by 9 percent average production during 1959-63.

The reduced production is partially explained by an 8,000-acre drop in planted area to 980,000 acres, primarily because of cold, wet weather last spring in the Caspian Coast region. Drought last summer reduced the crop, and heavy rains during the harvesting period reportedly have caused a high percentage of inferior grades.

Iran exported 220,000 bales in August-July 1962-63. Total exports in the 1963-64 season are tentatively placed at 332,000 bales. Exports of cotton to principal destinations during August-February of 1963-64 in thousands of bales (the comparable 1962-63 figures in parentheses) were the United Kingdom 82 (53), Poland 33 (17), Italy 32 (12), Hungary 27 (22), the USSR 26 (31), France 19 (20), and Japan 13 (0).

Cotton consumption in Iran is estimated at 210,000 bales for 1964-65, about the same as a year earlier but considerably below the alltime high of 250,000 bales in 1961-

62. Cotton stocks on August 1, 1964, were estimated at 18,000 bales compared with 30,000 a year earlier.

Prices for Iranian cotton on the Liverpool market have been steady for the past several months. In September, Iranian SM 1-1/16 inch cotton was quoted at an average price of 29 U.S. cents per pound, c.i.f. Liverpool, compared with 28.56 a year earlier.

India Expecting Larger Oilseed Crops

Prospects for India's 1964-65 oilseed crops are very favorable, with peanut production expected to set another record and other oilseeds expected to recover from the reduced 1963-64 levels.

The tight supply situation has begun to ease with the arrival of new crop oilseed, chiefly peanuts; and prices of peanut oil have declined 10 percent from the peak levels reached in late September.

INDIA'S PRODUCTION OF MAJOR OILSEEDS

Item	1960-61	1961-62	1962-63	1963-64	Forecast 1964-65
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Peanuts [1]	4,918	5,164	5,314	5,832	6,173
Sesameseed	354	418	511	452	496
Rape and mustardseed	1,495	1,474	1,426	1,002	1,323
Flaxseed	436	503	477	424	474
Castor	100	111	111	111	114
Total	7,303	7,670	7,839	7,821	8,580

[1] In shell.
Compiled from official and other sources.

U.S. Exports of Soybeans, Edible Oils, Cakes, and Meals

U.S. exports of *soybeans* in the entire 1963-64 marketing year (October-September) were a record 191.1 million bushels. This total was 6 percent above that in 1962-63, even though exports in September—at 11.0 million bushels—were down 2.7 million from those in August. Major destinations in September were Japan, the Netherlands, Canada, and West Germany. (Lesser volumes moved to Taiwan—0.9 million bu.—and Israel—0.8 million.)

Exports of *edible oils* in September totaled 168.5 million pounds, one-fifth below the 207.4 million of the previous month. Total exports in 1963-64, at 1.6 billion pounds, were 6 percent above the 1.5 billion shipped in 1962-63. A marked increase in cottonseed oil shipments, which accounted for 34 percent of the total against only 25 percent of the total in 1962-63, offset a slight decline in soybean oil shipments.

In September *soybean oil* exports, at 124.8 million pounds, declined 5 percent from those in August. Most of the volume moved to Burma, Greece (9.8 million lb.), Tunisia, and Turkey. Japan, Morocco, and Brazil took lesser volumes of 7.4 million, 6.6 million, and 5.3 million pounds, respectively.

Cottonseed oil exports in September were 43.7 million pounds—down sharply from the high level of 75.3 million in August. These shipments moved largely to Brazil (28.7 million lb.), West Germany, Canada, and Venezuela (1.9 million lb.).

September *cake and meal* exports were 184,400 short tons compared with 190,900 in August. Cumulative exports in 1963-64 approached the record 1.6 million tons exported in 1962-63. However, soybean meal exports, which accounted for 93 percent of the total compared with 91 percent a year ago, rose to a new record. Major destinations of September soybean meal exports were West Germany Canada, Netherlands, Belgium, France, Yugoslavia, Spain.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILSEED CAKES AND MEALS

Item	September 1963 [1]	September 1964 [1]	October-September 1962-63 [1]	October-September 1963-64 [1]
SOYBEANS				
Japan ..million bushels..	3.0	2.7	48.7	44.8
Canada .....do.....	1.7	1.8	26.8	31.8
Germany, W. .....do.....	.8	1.3	22.6	28.6
Netherlands .....do.....	.4	1.9	20.9	22.9
Italy .....do.....	.5	.4	12.1	11.9
Others .....do.....	.8	2.9	49.2	51.1
Total .....do.....	7.2	11.0	180.3	191.1
Oil equiv. mil. pounds..	78.8	121.3	1,980.2	2,098.3
Meal equiv. 1,000 tons..	168.6	259.5	4,238.1	4,490.8
EDIBLE OILS				
Soybean:				
Commercial: [2]				
Pakistan mil. pounds..	46.9	9.0	181.3	119.9
Yugoslavia .....do.....	---	1.7	63.7	112.0
Turkey .....do.....	25.6	8.8	89.9	106.3
Poland .....do.....	---	---	---	97.8
Iran .....do.....	---	7.4	36.3	71.1
Burma .....do.....	---	54.7	---	65.2
Hong Kong ..do.....	4.6	1.7	35.7	48.5
Morocco .....do.....	11.9	6.6	59.7	45.9
Tunisia .....do.....	14.9	9.1	56.0	45.2
Others .....do.....	38.8	25.8	570.8	373.4
Total .....do.....	142.7	124.8	1,093.4	1,085.3
Foreign donations [3] do.....	([4])	([5])	67.7	[6].1
Total soybean ..do.....	142.7	124.8	1,161.1	1,085.4
Cottonseed:				
Commercial: [2]				
Germany, West, mil. pounds..	---	8.1	48.6	110.6
Egypt .....do.....	---	---	28.1	77.0
Netherlands ..do.....	.9	---	40.8	69.6
Turkey .....do.....	7.7	---	45.2	44.5
Poland .....do.....	---	---	---	36.7
Canada .....do.....	1.3	2.0	30.2	32.9
Iran .....do.....	---	([4])	32.6	32.0
Others .....do.....	11.6	33.6	127.9	147.6
Total .....do.....	21.5	43.7	353.4	550.9
Foreign donations [3] do.....	([4])	([5])	29.4	([4]) ([5])
Total cottonseed ..do.....	21.5	43.7	382.8	550.9
Total oils .....do.....	164.2	168.5	1,543.9	1,636.3
CAKES AND MEALS				
Soybean:				
France .....1,000 tons..	6.3	14.8	218.2	247.0
Canada .....do.....	22.1	24.4	265.9	210.3
Spain .....do.....	4.9	11.8	196.3	161.1
Germany, W. .....do.....	1.1	30.4	121.9	161.0
Netherlands .....do.....	8.6	16.9	193.0	141.1
Belgium .....do.....	5.5	16.3	102.7	126.3
Denmark .....do.....	---	9.4	92.7	93.1
Yugoslavia .....do.....	6.5	12.1	39.9	77.6
Italy .....do.....	26.6	3.8	123.6	74.4
Others .....do.....	7.6	12.2	121.5	192.4
Total .....do.....	89.2	152.1	1,475.7	1,484.3
Cottonseed .....do.....	8.6	4.3	84.9	54.3
Linseed .....do.....	6.2	24.6	52.2	61.3
Total cakes and meals [7] .....do.....	104.0	184.4	1,624.3	1,604.2

[1] Preliminary. [2] Includes Title I, II, and IV of P.L. 480, except soybean and cottonseed oils contained in shortening exported under Title II. Excludes estimates of Title II exports of soybean and cottonseed oil not reported by Census. [3] Title III, P.L. 480. [4] Less than 50,000 lb. [5] If any, data not available. [6] Incomplete. [7] Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records and USDA estimates.

Note: Countries indicated are ranked according to quantities taken in the cumulative period of the current marketing year. Therefore, monthly data of lesser importance in the cumulative period, in parentheses in the text, are omitted from the table.

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USSR Exports of Edible Vegetable Oils

Soviet exports of edible vegetable oils in 1963 totaled 285,400 short tons compared with 168,100 in 1962 and an annual average of 57,600 during 1955-59. The sharp gain reflects increased exports of sunflowerseed oil from the record 1962 seed crop as well as reduced exports of oilseeds as such, largely sunflowerseed, which declined from 119,800 tons in 1962 to 108,700 in 1963.

Major destinations for 1963 exports (in 1,000 short tons, 1962 exports in parentheses), were East Germany 77.1 (72.9), Spain 55.0 (—), Cuba 43.5 (32.0), West Germany 36.9 (32.0), and Czechoslovakia 30.2 (20.9).

In 1964, Soviet exports of edible vegetable oils are expected to decline significantly, reflecting 1963's drought-reduced harvest of sunflowerseed; availabilities of cottonseed, which are relatively small, have increased.

However, because of improved yields and increased acreage of 1964-crop sunflowerseed, export availabilities of edible vegetable oils in 1965 will gain significantly. If existing price relationships in world markets continue, Soviet exports of sunflowerseed oil should trend upward in coming years as production continues to expand more rapidly than domestic requirements. Reportedly, export terminal facilities on the Black Sea are scheduled for further expansion to facilitate the expected increase in exports.

Colombian Coffee Exports Up

Colombian coffee exports for the 1963-64 (October-September) year amounted to 6.3 million bags (132.276 lb.) compared with 6.1 million in 1962-63. Of the total, 56.6 percent went to the United States, while 68,000 bags were shipped to nontraditional or new markets and would not be charged against quotas under the International Coffee Agreement.

Exports to Europe have risen sharply during the past year, continuing an upward trend of the last 5 years. Indications are that sales of Colombian coffee in Europe, particularly West Germany, France, Sweden, and the Benelux countries, will continue to increase next year. Heaviest shipments were in October 1963 and September 1964.

Ireland Removes Export Controls on Sugar Products

The Irish Government on October 19 lifted the control, which was imposed in April 1963, on exports of sugar products and goods containing sugar. The control order was imposed during a period of high world sugar prices to preserve the stocks of low-priced Irish sugar, which would have otherwise found their way into the export market.

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